



# Department of Justice

Acting United States Attorney Lawrence G. Brown  
Eastern District of California

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CONTACT: Lauren Horwood  
PHONE: 916-554-2706  
[lauren.horwood@usdoj.gov](mailto:lauren.horwood@usdoj.gov)

## **AFFILIATED CONSTRUCTION COMPANIES AND THEIR OWNER ACCUSED OF FRAUD PAY \$1.3 MILLION TO SETTLE CIVIL CLAIMS**

SACRAMENTO, Calif.—Acting United States Attorney Lawrence G. Brown announced today that the United States has entered into a settlement agreement with Mercer-Fraser Company, Contri Construction Company, and the owner of the two affiliated companies, Ted Contri.

According to Assistant United States Attorney Catherine Swann who litigated the case, the government alleged that Mercer-Fraser Company applied for entitlement to preferences and was awarded federal road construction contracts pursuant to false representations that it qualified as a “HUBZone” Small Business Concern. The HUBZone Empowerment Contracting program was enacted as part of the Small Business Reauthorization Act of 1997. Under the auspices of the U.S. Small Business Administration, the program encourages economic development in historically underutilized business zones, “HUBZones,” through federal contract preferences. To qualify for HUBZone status preferences, the company together with its affiliates must meet location and ownership requirements, and also qualify as “small” under size and revenue standards for its primary industry.

Mercer-Fraser Company is alleged to have made a series of false statements regarding revenue of the affiliated companies and primary industry; first to the Small Business Administration to obtain status as a Hubzone Small Business Concern, then to the U.S. Department of Transportation, Federal Highway Administration in connection with bids on five government contracts. The affiliated companies won two of the five contracts by virtue of the 10-percent preference afforded by the subject HUBZone Business Concern status. Mercer-Fraser Company, Contri Construction Company, and owner Ted Contri agreed to pay the government \$1.3 million dollars to settle this civil case, but denied any liability or wrongdoing.

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